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R 8346

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ACTION: VE 021INFO: DAND (01) RJ (01) PDAS (01) MM (01) APA (01) PPC (01) OAS (01)
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ACTION ARA-00

INFO 10G-00 ACDA-00 ACDE-00 INIB-01 AIO-00 ACQ-00 INL-01
DEAE-00 DINT-00 DODE-00 DDEE-00 SRPP-00 DS-00 OIGO-01
UTED-00 HHS-01 H-01 TEDE-00 INR-00 JOSE-00 LAB-01
L-00 ADS-00 NSAE-00 NSCE-00 OES-01 OMB-01 OPIC-01
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R 231555Z APR 98
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 0451
INFO USIA WASHDC 1541
CIA WASHDC
DIA WASHDC

UNCLAS CARACAS 001241

DEPARTMENT PLEASE PASS FEC - FEDERAL ELECTIONS COMMISSION (LWIDES)

E.O. 12956: N/A
TAGS: PREL, PCOV, SNAR, VE
SUBJECT: GOV NATIONAL ANTI-DRUG CENTER HOSTS CAMPAIGN FINANCE
CONFERENCE

SUMMARY

1. VENEZUELA'S NATIONAL ANTI-DRUG COMMISSION (CNA), IN COOPERATION WITH THE CONGRESS AND THE NATIONAL ELECTORAL COMMISSION (CNE), HOSTED A CONFERENCE APRIL 2-3 ENTITLED "POLITICAL FINANCING, PREVENTION AND CONTROL." PARTICULAR ATTENTION WAS PAID TO EFFORTS TO VITIATE THE POTENTIAL INFLUENCE OF ILLEGAL NARCOTICS PROCEEDS IN VENEZUELA'S PRESIDENTIAL AND OTHER CAMPAIGNS. ASSISTANT STAFF DIRECTOR OF THE INFORMATION DIVISION OF U.S. FEDERAL ELECTION COMMISSION (FEC) LOUISE WIBES, WHOSE PARTICIPATION IN THE CONFERENCE WAS FUNDED BY POST'S NARCOTICS AFFAIRS SECTION (NAS), DISCUSSED U.S. DISCLOSURE REQUIREMENTS, CONTRIBUTION AND SPENDING LIMITATIONS, AND CONTRIBUTION PROHIBITIONS. CNA IS USING ITS AUTHORITY GRANTED IN THE ANTI-DRUG LAW (LOSEP) TO ENSURE THAT ELECTION CAMPAIGNS ARE KEPT CLEAN OF DRUG MONEY. CNA WILL HOST WORKSHOPS TO EDUCATE THE POLITICAL PARTIES AND CANDIDATES ABOUT METHODS TO PROTECT THEIR CAMPAIGNS FROM DRUG MONEY CONTRIBUTIONS THROUGH PUBLIC DISCLOSURE REQUIREMENTS. WHILE THESE REPORTING REQUIREMENTS ARE INTENDED TO SERVE THE SPECIFIC OBJECTIVE OF FERRETING OUT DRUG MONEY CONTRIBUTIONS, THEY WILL HAVE THE ADDED BENEFIT OF SHEDDING LIGHT ON HOW CAMPAIGNS ARE FINANCED IN VENEZUELA. END SUMMARY.

AVOIDING THE "COLOMBIANIZATION" OF VENEZUELAN POLITICS

3. IN SETTING THE TONE FOR THE CONFERENCE, ALL THREE OPENING SPEAKERS EMPHASIZED THE IMPORTANCE OF CAMPAIGN FINANCE CONTROLS TO PROTECT VENEZUELAN POLITICS FROM "COLOMBIANIZATION." DEPUTY LEIS PAEZ SANCHEZ CALLED FOR THE "RELEGITIMIZATION" OF THE POLITICAL PROCESS THROUGH A SYSTEM OF CAMPAIGN FINANCE CONTROL TO AVOID THE

ESTABLISHMENT OF A "PLUTOCRACY." PAEZ CALLED FOR IMPROVEMENTS IN THE ABILITY OF VENEZUELAN AUTHORITIES TO INVESTIGATE THE ORIGINS OF CAMPAIGN FUNDS, ESPECIALLY ILLICIT FUNDS. THE PRESIDENT OF CNE, RAFAEL PARRA PEREZ, STATED THAT THE PREVENTIVE AND EDUCATIVE

UNITED STATES DEPARTMENT OF STATE

REVIEW AUTHORITY: ADOLPH H EISNER

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ASPECTS OF ANY CAMPAIGN FINANCE REGIME WOULD BE MORE IMPORTANT THAN ANY SANCTION MECHANISM. PARRA BELIEVES THAT BY COMBINING AN EFFECTIVE ORGANIZATION TO SHED LIGHT ON POLITICAL DONATIONS WITH GRASS-ROOTS OVERSIGHT, AN EFFECTIVE CAMPAIGN CONTRIBUTION SYSTEM CAN BE ESTABLISHED THAT STILL RESPECTS POLITICAL FREEDOM.

4. THE PRESIDENT OF CNA, MINISTER OF STATE CARLOS TABLANTE, TIED TOGETHER THE COMMENTS OF PAEZ AND PARRA CALLING ON THE CONFERENCE TO LAY OUT THE RULES OF THE GAME, INFORM THE PARTIES AND CANDIDATES OF CURRENT REGULATIONS, AND TO PROTECT CAMPAIGNS FROM ILLICIT MONEY. WORRIED ABOUT THE "COLOMBIAN EFFECT," TABLANTE WISHED THAT VENEZUELA NEEDS TO BE ALERT TO THE DANGER PRESENTED TO LEGITIMATE POWER AND AUTHORITY BY ORGANIZED CRIME. ONE OF THE WAYS ORGANIZED CRIME CAN USURP AUTHORITY, ACCORDING TO TABLANTE, IS THROUGH COMPROMISING POLITICAL CAMPAIGNS WITH CONTRIBUTIONS OF ILLICIT MONEY AS HAPPENED IN COLOMBIA. TABLANTE CALLED UPON ALL POLITICAL PARTIES AND CANDIDATES TO MAKE AN "ETHICAL/MORAL PROMISE" TO DEFEND AGAINST ILLICIT CONTRIBUTIONS, AND CALLED FOR TRANSPARENCY IN CAMPAIGN CONTRIBUTIONS. FINALLY, TABLANTE STATED THAT BOTH THE NATIONAL GUARD (GN) AND THE TECHNICAL JUDICIAL POLICE (PTJ) ARE ORGANIZING SPECIAL UNITS TO INVESTIGATE ILLICIT CAMPAIGN CONTRIBUTIONS.

CURRENT VENEZUELAN CAMPAIGN FINANCE LAW VERY LIMITED

5. DEPUTY ORLANDO CONTRERAS PULIDO REVIEWED FOR THE CONFERENCE THE CURRENT STATUS OF VENEZUELAN CAMPAIGN FINANCE LAW, AND EFFORTS TO REFORM THIS LAW. UNDER CURRENT CAMPAIGN FINANCE LAW, ANONYMOUS CAMPAIGN CONTRIBUTIONS ARE PROHIBITED, AND PARTIES MUST MAKE A GENERAL ACCOUNTING OF THE MONEY THEY RECEIVE AND SPEND. THIS INFORMATION MUST BE MADE AVAILABLE TO THE CNE, AND IS OPEN TO PUBLIC REVIEW. WHILE CURRENT LAW PROVIDES FOR SANCTIONS FOR VIOLATIONS, THESE SANCTIONS ARE NEVER USED AND THEREFORE THE LIMITED REGULATIONS THAT ARE IN PLACE ARE RARELY ABHERED TO, SAID CONTRERAS. THERE ARE NO CONTRIBUTION LIMITATIONS IN THE CURRENT LAW. CONTRERAS REFERRED TO A DRAFT CAMPAIGN FINANCE REFORM LAW PENDING IN THE LOWER HOUSE WHICH WOULD IMPLEMENT MORE STRINGENT RESTRAINTS, AND PERMIT THE CNE TO ESTABLISH LIMITATIONS TO INDIVIDUAL DONATIONS. NOTE: THE LIKELIHOOD THAT THIS LAW WILL BE ENACTED IN TIME FOR THE OFFICIAL KICK-OFF FOR THIS YEAR'S CAMPAIGN (IN AUGUST IS SLIM TO NONE.) SUBSEQUENT SPEAKERS, WHO ARE EXPERTS IN MONEY LAUNDERING, EXPLAINED VERY CLEARLY THE THREAT THAT MONEY LAUNDERING PRESENTS IN VENEZUELA. THE DISCUSSIONS OF THE LIMITED CAMPAIGN FINANCE LAW PROVISIONS AND OF THE THREAT OF MONEY LAUNDERING CLEARLY DEMONSTRATED THE VULNERABILITY OF POLITICAL CAMPAIGNS TO ILLICIT MONEY AND OF THE NEED FOR THE PARTIES AND CANDIDATES TO DEVELOP A SYSTEM TO DEFEND AGAINST ILLICIT CONTRIBUTIONS.

CAMPAIGN CONTRIBUTION TRANSPARENCY

6. IN LIEU OF MORE EFFECTIVE LAW ON CAMPAIGN FINANCE, SEVERAL

PARTICIPANTS IN THE CONFERENCE CALLED ON THE POLITICAL PARTIES AND CANDIDATES TO POLICE THEMSELVES. TO THIS END, CNA WILL CONDUCT A SERIES OF WORKSHOPS OPEN TO CAMPAIGN FINANCE MANAGERS OF ALL PARTIES AND CANDIDATES, AND MEET WITH EACH CAMPAIGN INDIVIDUALLY TO DISCUSS MECHANISMS AND METHODS TO PROTECT CAMPAIGNS FROM ILLICIT FUNDING. BY ESTABLISHING AGREED UPON "RULES OF THE ROAD," THE SHARED HOPE OF CNE, CNA, AND THE POLITICAL PARTIES IS TO ESTABLISH A COHERENT, STANDARDIZED REPORTING SYSTEM TO SUPPORT TABLANTE'S CALL FOR AN "ETHICAL/MORAL COMMITMENT." THE ULTIMATE GOAL UNDER THIS PLAN IS THAT EACH PARTY AND CANDIDATE WILL INDEPENDENTLY

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VOLUNTEER REPORTS ON CONTRIBUTIONS, BUT, AT THIS POINT, THERE IS NO AGREEMENT REGARDING THE FORM THE REPORT WILL TAKE NOR METHOD OF REPORTING. IN AN EFFORT TO ENCOURAGE TRANSPARENCY, THESE REPORTS WILL BE MADE AVAILABLE TO THE PUBLIC BY THE CNE. PARTY REPRESENTATIVES AT THE MEETING WERE VERY EAGER TO ESTABLISH A COHERENT TRANSPARENCY SYSTEM TO COMBAT CONTRIBUTIONS FROM ILLICIT SOURCES. SEVERAL REPRESENTATIVES WENT ONE STEP FURTHER ASKING CN AND PTJ OFFICIALS TO "CERTIFY" CONTRIBUTIONS AS CLEAN, A STEP POLICE OFFICIALS DO NOT WANT TO TAKE FOR FEAR OF COMPROMISING ONGOING INVESTIGATIONS.

MAISTD

EXPLANATION OF THE U.S. SYSTEM WARMLY RECEIVED

7. MS. LOUISE WIDES OF THE FEC PROVIDED A THOROUGH REVIEW OF U.S. FEDERAL CAMPAIGN FINANCE LAW INCLUDING: DISCLOSURE, CONTRIBUTION LIMITS, CONTRIBUTION PROHIBITIONS, SPENDING LIMITS, THE PUBLIC FINANCING OF PRESIDENTIAL ELECTIONS, AND ENFORCEMENT. THE PORTION OF HER TALK ON DISCLOSURE RESONATED THE MOST WITH THE AUDIENCE. WIDES EXPLAINED THAT DISCLOSURE IS ACHIEVED IN THE U.S. SYSTEM

THROUGH REPORTS FILED BY THE CANDIDATES WHICH ARE MADE IMMEDIATELY AVAILABLE TO THE PUBLIC (INCLUDING ONE'S OPPONENTS), AND THROUGH DISCLAIMER NOTICES INDICATING WHO PAID FOR POLITICAL ADVERTISING OR PUBLICITY. DISCLOSURE, WIDES EXPLAINED, ENSURES A MORE EDUCATED VOTER, ENCOURAGES COMPLIANCE WITH THE LAW, AND ENABLES THE FEC TO MONITOR THE ACTIVITIES OF CANDIDATES. CONTRIBUTION LIMITS AND PROHIBITIONS WERE ALSO OF PARTICULAR INTEREST TO THE AUDIENCE, IN PARTICULAR THE NEED FOR CONTRIBUTORS TO CLEARLY IDENTIFY THEMSELVES, THE LIMITATION OF CASH CONTRIBUTIONS TO LESS THAN USD ONE HUNDRED, AND THE PROHIBITIONS AGAINST CONTRIBUTIONS FROM CORPORATIONS, LABOR ORGANIZATIONS, FOREIGNERS, OR IN THE NAME OF ANOTHER PERSON. WITH RESPECT TO ENFORCEMENT, WIDES EXPLAINED THAT WHILE MECHANISMS EXIST TO PENALIZE CANDIDATES FOR VIOLATIONS (E.G. CIVIL SUIT, CRIMINAL ACTION, OR BY REACHING A SETTLEMENT AGREEMENT WITH CANDIDATES), THE RESULTS OF ANY ENFORCEMENT ACTION ARE NORMALLY NOT KNOWN UNTIL WELL AFTER ELECTION DAY. NONETHELESS, WIDES EXPLAINED THAT THE TRANSPARENCY PROVISIONS IN U.S. LAW SERVE TO KEEP THE SYSTEM ON THE WHOLE HONEST. CANDIDATES WISH TO BE IN FULL COMPLIANCE RATHER THAN HAVE TO FACE THE ISSUE OF IMPROPER CONTRIBUTIONS IN THEIR CAMPAIGNS. QUESTIONS FOCUSED ON HOW THE U.S. SYSTEM ACHIEVES AND ENCOURAGES CAMPAIGN FINANCE TRANSPARENCY. POST WOULD LIKE TO THANK MS. WIDES FOR HER VALUABLE CONTRIBUTIONS TO THIS CONFERENCE.

COMMENT

8. TABLANTE'S CNA HAS GOTTEN OUT IN FRONT ON THE ISSUE OF A CAMPAIGN FINANCE CONTROL. USING AUTHORITY GRANTED TO CNA IN THE LDSEP TO MONITOR CAMPAIGN FINANCING FOR POSSIBLE ILICIT

CONTRIBUTIONS, TABLANTE HAS LAID THE GROUNDWORK FOR A CONSENSUAL SYSTEM AGREED UPON BY THE PARTIES AND THE CANDIDATES THEMSELVES TO ESTABLISH A CAMPAIGN FINANCE DISCLOSURE SYSTEM. WHILE TABLANTE'S IMMEDIATE GOAL IS TO PROTECT CAMPAIGNS FROM CONTRIBUTIONS FROM ILICIT SOURCES, TABLANTE'S EFFORTS COULD LEAD TO GREATER OVERALL CAMPAIGN FINANCE TRANSPARENCY.

9. THIS CONFERENCE WAS A FOLLOW-UP TO THE OAS CONFERENCE ON CAMPAIGN FINANCE HELD IN CARAGAS. IT ALSO LAYS A BASE FOR A LARGER CONFERENCE ON CAMPAIGN FINANCE REFORM SCHEDULED FOR MAY. U.S. PARTICIPATION AS A RAPPORTEUR IN THE OAS CONFERENCE, FEC PARTICIPATION IN THE CNA MEETING, AND OUR PARTIAL SPONSORING OF THE MAY CONFERENCE SIGNIFICANTLY INCREASE OUR PROFILE ON THIS IMPORTANT ISSUE. FEC PARTICIPATION HAS BEEN CRUCIAL TO THE SUCCESS OF THIS EFFORT AND IS APPRECIATED.

END COMMENT.

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